

Four^{more}
SHOTS
please!



26 ANNUAL REPORT AND ACCOUNTS 2019

PRITISH NANDY COMMUNICATIONS LTD

www.pritishnandy.com

BOARD OF DIRECTORS



PRITHISH NANDY
CHAIRMAN



UDAYAN BOSE
INDEPENDENT DIRECTOR



RAGHU PALAT
INDEPENDENT DIRECTOR



HEMA MALINI
INDEPENDENT DIRECTOR



RINA PRITHISH NANDY
NON-EXECUTIVE DIRECTOR



PRADEEP GUHA
INDEPENDENT DIRECTOR



PALLAB BHATTACHARYA
WHOLETIME DIRECTOR & CEO



RANGITA PRITHISH NANDY
CREATIVE DIRECTOR

**PRITISH NANDY COMMUNICATIONS LTD
26 ANNUAL REPORT AND ACCOUNTS 2019**

BOARD OF DIRECTORS

Pritish Nandy | Chairman
Udayan Bose
Hema Malini
Raghu Palat
Pradeep Guha
Rina Pritish Nandy
Pallab Bhattacharya | Wholetime Director & CEO
Rangita Pritish Nandy | Creative Director

COMPANY SECRETARY & CFO

Santosh Gharat

AUDITORS

BD Jokhakar & Co
Chartered Accountants

PRINCIPAL BANKER

Yes Bank
Nariman Point Mumbai 400021

REGISTERED OFFICE

87/88 Mittal Chambers Nariman Point Mumbai 400021

CORPORATE LEADERSHIP TEAM

Pallab Bhattacharya | Director & CEO, Chairman Rangita Pritish Nandy | Creative Director
Ishita Pritish Nandy | Chief Brand Strategist Santosh Gharat | Company Secretary & CFO
Yatender Verma | Vice President, Finance, Compliances & Legal Affairs Anoop Kumar | Chief Production Officer
Kishor Palkar | Chief Accounts Officer, Imtiaz Chougale | Manager, Accounts

CHAIRMAN'S STATEMENT

I welcome you all to your Company's 26th Annual General Meeting. It is a pleasure to be with you here today.

This Company was founded on September 28, 1993 and here we are in another September, 26 years later and entering our 27th year, not just reflecting on how the content business has changed so radically over the past quarter century but also looking around us and trying to recognize our early contemporaries. Some have moved on, into new and different businesses. Others have been acquired. A few are still struggling to assert their identity, here and in international markets. Quicksilver shifts in technology and the constant evolution in consumer tastes have taken their toll. As has generational shifts in the pattern of content consumption. Millennials do not consume what their parents did. Post millennials, or Generation Z as they are best known, are a different lot and they are consuming even more differently. We can be sure that coming generations will also choose their own, unique content options.

One of the reasons why entertainment companies falter is because they do not or often cannot anticipate this change, and are not ready for it. Your Company has always valued sustainability above all other corporate virtues. We have raised very little money over the years and used it wisely. We have seldom depended on debt and remain till today, as debt cripples so many capable companies in this business, almost entirely debt free. Our business model, instead, has allowed us to pursue excellence—which is at the very core of the content business—instead of chasing fantasies of unreal growth or huge profit. This has helped us stay afloat in difficult times and pursue both change and excellence whenever opportunity presented itself.

As you all know, we originally began with making news content. Our election shows on the national terrestrial broadcaster were widely appreciated. Then came *The Pritish Nandy Show*, India's first signature show, another milestone. When satellite television came to India, we grew our portfolio to include many different kinds of shows, including scripted entertainment content. And as the 21st century arrived, we saw an opportunity in making filmed content. Your Company was one of the first to corporatize what was then known as a risky and opaque business and we produced some memorable movies which defined our status as one of the most respected film makers. Our movies covered multiple genres and won awards at prestigious festivals across the world. They did well enough at the box office too, to keep us going. And satellite channels like Star, which premiered most of them, found them popular. They are still being shown on television channels, on renewed leases, and are available on multiple streaming platforms like Netflix, Hotstar, Jio, Sony LIV, ErosNow, MX Player, and Spuul.

Over the past three years, even as we continue to plan new movies, we have re-tooled our skills to make original content, scripted and non-scripted, for the new streaming platforms which have taken over the entertainment business the world over. Our expertise and product excellence have made this possible because the top streaming platforms address global audiences who are extremely demanding in their taste as well as their expectations in terms of technology and QC. Our first show, an Amazon Original, *Four More Shots Please*, a serialized ten-episode fiction show, created in-house by our own creative talent (one on the Board of your Company as Creative Director, the other in the Corporate Leadership Team as head of design and digital) has successfully delivered on the expectations of Amazon Prime Video and achieved such widespread acclaim that your Company has been signed on for two more seasons of the show. The principal photography of the second season is already over. The third season is in the writers' room. Your Company is also developing another scripted fiction show and the terms of a third show—this one unscripted, the premise of which has been approved—are being negotiated.

In the script lab that is at the heart of your Company's functioning, we are working on three more shows and two movie projects, in all of which interest has been shown by different streaming platforms. This interest will be converted into contracts before we actually commence shooting. This means: They are all de-risked projects unlike most content still being made in the entertainment business. This strategy of ours alters your Company's risk profile. At the same time, however, it slims down your Company's margins since commissioned shows work on pre-defined percentage profit—not on how well they actually do. Of course success brings you bigger shows and, eventually, better terms. But, in the short run, on commissioned shows, your margins remain fixed with

seasonal increments. Given our scale of business and risk appetite, we are not exactly uncomfortable with this. We have had two reasonably good years and this year, given no change in external circumstances impacting the entertainment business, it looks as if we may improve upon them.

Your Company now needs to grow its existing infrastructure, both talent and management wise. Most of it will still be outsourced (as at present) but enhanced in-house skills will enable us to undertake all the opportunities coming our way. Currently we are still few in number but our strength lies in the fact that some of our key management people have been with us for years, three among them from the start. This gives your Company the privilege of continuity as we grow and, given the length of service of the rest, shows how compelling your Company's human relations program is. It is part of what I describe as our sustainability ethic. Profit is secondary. We want to stay in business and continue to do quality work.

The digital revolution has opened up new opportunities for your Company. More platforms have emerged for creative content that can sustain, support and drive new businesses. Bigger and bigger global companies are creating these opportunities. And, given our creative leadership, I see no reason why your Company should not emerge as a leader in this space.

Here, content is no longer seen as a commodity that can be bought cheap, in bulk. It is seen as a great value-addition. One that can help define the platform, add to its reputation for excellence. The rules here are different. The risks and rewards are different. And what is expected of us is also very different. That is the opportunity. The opportunity your Company has been building its skills for the past 26 years.

Technology will keep changing and getting better, more accessible. So will standards of creative excellence. And audience expectations will keep changing as each generation demands its own content. Globalization will mean larger and larger audiences will watch your Company's shows across the globe in different geographies, in different languages but sharing the same human experience. Therein lies the challenge for your Company and for the business we are in. To make people laugh, cry, sing and dance in so many tongues, so many voices.

The playbook for our times is changing. And so is your Company. After 26 years, we are still celebrating the spirit of a start-up. Such is the nature of our business.

Gender equivalence is a matter of pride for us. So it may be pertinent to point out that our Board of Directors has three women and there is equal gender representation among the working directors, and there is pay parity. Among the four top officers of the Company, two are women and there is no difference in what they get paid in comparison to the other two. Our most successful show currently streaming on Amazon Prime has a predominantly women cast and crew. It not only features four women in the main roles but also has a woman director, two women show-runners, a woman cinematographer, two women writers, a woman editor and a woman creator of the show. I am sure you will agree this is quite a feat.

This statement will be incomplete without thanking all our stakeholders. You have stayed with us for years and shared our vision for content that can challenge the best anywhere. This is now happening. And your Company is ready to seize the advantage.

I thank our bankers, business associates, clients, consumers, and all members of Team PNC who have worked so hard to keep pace in a swiftly changing world. We look forward to bettering our performance as we go ahead. The coming years will however continue to be challenging. As change remains the biggest disruptor. But then, we in PNC love change, it defines us. It makes us who we are.

If there is anything more you want to know, please get in touch with our Vice President, Finance and Legal Yatender Verma at verma@prishnandycom.com or our Company Secretary Santosh Gharat at companysecretary@prishnandycom.com. The Company's website will also continue to keep you informed of all developments on a regular basis.

May I also recommend, in keeping with the general shift to online, that you provide us with your email ID so that we can directly inform you from time to time about all the interesting things we do? It will also ensure that this Annual Report always reaches you well in time.

To
The Members
Pritish Nandy Communications Limited

Your Directors present the 26th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 1,568.91 lakh as compared to ₹ 2,005.21 lakh for the earlier year. The Company made a profit of ₹ 86.01 lakh before tax as compared to a profit of ₹ 157.59 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Standalone	
	Year ended March 31, 2019	Year ended March 31, 2018
Income from operations	1,504.27	1,955.53
Other income	64.64	49.67
Total turnover	1,568.91	2,005.21
Total expenditure	1,482.90	1,847.61
Profit/(loss) before exceptional and extraordinary items and tax	86.01	157.59
Current tax	27.23	20.00
Profit/(loss) after current tax	58.78	137.59
Deferred tax	(35.06)	(72.74)
Profit/(loss) after deferred tax	93.84	210.33
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in statement of profit and loss	(189.17)	(280.00)
Paid up capital	1,446.70	1,446.70
Earnings per share (₹)	0.65	1.45
Book value per share (₹)	56.67	56.04

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The increasing demand for content—both filmed entertainment and serialised digital streaming shows—added to your Company's revenues and we are optimistic of further developing our footprint in the growing content market. Your Company is strategically well positioned to address the viewing preferences of today's youth, the largest consumers of content across all different platforms. It is an audience your Company has been successfully addressing in the past as well. But a new orientation is now taking place and a shift in the market that allows for more OTT content to be shown. Your Company has demonstrated its ability to successfully relate to the content expectations of new viewers on mainstream OTT platforms that are today reaching out not just to Indian but also to global audiences.

Your Company visualizes an increasing opportunity for creating more such shows. To begin with, your Company has successfully delivered the first season of an Amazon Prime Original, *Four More Shots Please* which has been widely appreciated by both audiences and critics. All ten episodes of the first season of the show were dropped for binge-watching on January 25, 2019 across 200 countries and territories on the Amazon Prime Video platform. What should particularly interest our stakeholders is the fact that the show has been conceived and creatively developed in-house. Both the creator and the associate creator, who double up as the show-runners of *Four More Shots Please*, are senior in-house professionals. This is the talent hot-house that the Company set out to be 26 years ago and, today, we take pride not only in the sustainable model of business that we have created in the content business but also in the talent we have built up over the years to produce and execute our own creative projects.

The positive audience response to the show has resulted in your Company being commissioned by Amazon Prime Video to additionally and simultaneously develop the second and third seasons of *Four More Shots Please*. Apart from the development and writing, the principal photography for season two is also now complete and post production work has already commenced. Your Company has, as is true to your Company's reputation and work ethics, successfully worked within the budget and deadlines for season one and we intend to repeat that success in the coming two seasons.

Two more shows are being currently developed for OTT, one a fiction show like *Four More Shots Please* and the other, a non-fiction series in the true crime genre. Your Company has been approached by other OTT platforms as well for developing new shows, both scripted and unscripted, and work is underway for the same.

Your Company also continues to remain engaged in the development and production of filmed entertainment content. Two new feature film projects are in various stages of development. Here, too, we are looking at releasing the filmed entertainment content on OTT platforms which would entirely de-risk the projects and help us to explore the expectations of the new generation of viewers on such platforms.

Your Company has also reissued the satellite broadcasting rights of its film library to Star TV.

The film library is also being streamed on a non-exclusive basis on several OTT platforms, including Netflix, Hotstar, Jio, Sony LIV, ErosNow, MX Player and Spuul.

Moving into its 27th year of operations, your Directors are of the view that your Company is well poised to make and deliver innovative content for screening on multiple platforms in India and overseas.

DIVIDEND

To conserve cash resources your Directors do not recommend any dividend for this year.

LISTING WITH THE STOCK EXCHANGES

The equity shares of the Company continue to remain listed with the Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The listing fees payable to both the stock exchanges for the year 2019-2020 have been paid.

TRANSFER TO RESERVES

Your Company has not transferred any amount to the general reserve.

DEPOSIT FROM PUBLIC

The Company has not accepted any deposits within the meaning of sections 73, 74 and 76 of the Companies, Act 2013 (the Act) and the rules framed thereunder.

SUBSIDIARIES

The Company has two subsidiaries: PNC Digital Ltd and PNC Wellness Ltd. There are no associate companies within the meaning of section 2(6) of the Act. There has been no material change in the nature of the business of its subsidiaries.

Pursuant to section 129(3) of the Act, in addition to the financial statements provided under section 129 (2) of the Act, consolidated financial statements of the Company and its subsidiaries in the same form and manner as that of its own shall also be laid before the Annual General Meeting (AGM) of the Company. A statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is appended as Annexure I.

Pursuant to the provisions of section 136 of the Act the financial statements and consolidated financial statements of the Company along with relevant documents and separate audited accounts in respect of its subsidiaries are available on the Company's website.

PNC Digital Ltd

There has been no material change in the nature of the business of this subsidiary. Its principal business is sourcing content for digital streaming, setting up niche delivery systems for digital streaming and running the business of content aggregation as well as any other technology business using the internet as its primary delivery platform. Efforts till date have not translated into revenue generation but this subsidiary will continue its efforts. Essentially this subsidiary will function as a bridge between content producers and digital distributors. There is no revenue generated in the year 2018-19 resulting in a loss.

PNC Wellness Ltd

There has been no material change in the nature of the business of this subsidiary. It is in dialogue with other business enterprises to expand the Company's wellness business through the digital medium. This subsidiary owns several wellness brands like Moksh, Power Yoga, Passion Yoga, Cool Yoga and Couple Yoga and is exploring ways and means to commercialise these brands by introducing them into a joint venture wellness enterprise. Considering that there was no revenue generation during the year, your Company has made further provision for diminution in values of its investments by 1/5th of its book value. The holding Company is facilitating and supporting the revival of this subsidiary's business.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and operating effectively;

f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and articles of associations of the Company, Pallab Bhattacharya, Director of the Company, retires by rotation at the ensuing AGM, and being eligible, offers himself for reappointment.

The Directors expressed their sorrow for the untimely death of Nabankur Gupta, Non-Executive Independent Director of the Company on December 7, 2018. The Directors place on record their deep appreciation for his invaluable guidance and support during his tenure as a Director. Mr Gupta was also Chairman of the Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee (CSR) and a Member of the Audit Committee of the Board of Directors of the Company.

Pursuant to Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, on recommendation of Nomination and Remuneration Committee, the Board of Directors vide its circular resolution passed on February 28, 2019 have appointed Pradeep Guha as an additional Independent Director on the Board to comply with aforesaid regulation. Mr Guha's appointment is subject to approval by the shareholders in the ensuing AGM of the Company.

Mr Guha is currently Managing Director of 9X Media Pvt Ltd. Prior to this, he was Chief Executive Officer of Zee Entertainment Enterprises Ltd and, before that, President and Executive Director of The Times of India Group. He is also on the board of Raymond Ltd, Puravankara Ltd and Whistling Woods International Ltd.

COMPLIANCE ON CRITERIA OF INDEPENDENCE BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent Director under section 149(7) of the Act, that he/she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, except for the sitting fees, the independent Directors of the Company had no other pecuniary relationship or transactions with the Company.

PARTICULARS OF EMPLOYEES

This disclosure required to be furnished pursuant to section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure II.

BOARD MEETINGS HELD DURING THE YEAR

As required under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year four meetings of the Board of Directors were held and one meeting of independent directors was also held. The details of the meetings of the Board are furnished in the Corporate Governance Report.

ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors including independent Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by the Securities and Exchange Board of India (SEBI) and the SEBI Listing Regulations.

Further, the independent Directors, at their exclusive meeting held during the year on February 14, 2019, reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under the SEBI Listing Regulations.

MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR AND TILL THE DATE OF REPORT

There has been no material change and commitment, affecting the financial performance of the Company occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on Directors' appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of this Directors' report.

AUDITORS

Statutory Auditors

BD Jokhakar and Co., Chartered Accountants (FRN 104345W) were appointed as Statutory Auditors of the Company for a period of four consecutive years at the AGM of the Members held on September 24, 2018 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors. Pursuant to the amendments made to section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence the resolution seeking ratification of the Members for continuance of their appointment at the ensuing AGM is not being sought.

There is no audit qualification, reservation or adverse remark for the year under review.

AUDITORS' REPORT

The Auditors' Report does not contain any qualifications, reservations or adverse remarks.

In the Emphasis of Matter paragraph, the auditors have stated

"We draw attention to Note 36(a) on the standalone financial statements which relates to investment in wholly owned subsidiary "PNC Wellness Ltd.". The investment in this subsidiary stands at ₹ 116.40 lakh whereas the net worth of the subsidiary is ₹ 33.42 lakh as at March 31, 2019. Considering that the Company has made provision for diminution in value of investment in this subsidiary by 1/5th of its book value and considers the balance retained book value as fully realizable no further provision is made for the diminution in book value of investment which is considered as temporary.

We further draw attention to Note 36(b) on the standalone financial statements which relates to investment in subsidiary "PNC Digital Ltd.". The investment in this subsidiary stands at ₹ 70.20 lakh whereas the net worth of the subsidiary is ₹ 7.56 lakh as at March 31, 2019. The Company has agreed to provide its films to this Subsidiary to explore revenue opportunities on the digital platform and exploit it to its commercial advantage. In view of the fact that this subsidiary has unfettered access to the film content of the Holding Company and requires no additional substantive capital deployment to generate revenue no provision for diminution in value of investment, which is considered temporary, has been made in the accounts.

We further draw attention to Note 38(a) on the standalone financial statements which describe the facts related to the legal proceedings initiated by the Company for the recovery of an advance of ₹ 150 lakh. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the opinion and consequently the Company has not made provision of any amount there against.

We further draw attention to Note 38(b) on the standalone financial statements which describes that the Company has received an award of ₹ 352 lakh in its favour in the arbitration case filed against White Feather Films. The Company has also received a revised order for the amount of interest, which the Company has not found satisfactory and hence it has moved an appeal with the Bombay High Court. White Feather Films has gone in appeal against the above said award and has been directed to deposit an amount of ₹ 300 lakh by the Bombay High Court. Proceedings are ongoing and in view of the same, outstanding of ₹ 317.53 lakh is considered as fully recoverable.

We further draw attention to Note 39 on the standalone financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasara Bharati on account of wrongful encashment of bank guarantee of ₹ 750.50 lakh. The Company has obtained legal opinion from Justice AM Ahmadi, former Chief Justice of Supreme Court of India, which supports the Company's stand that the amount is fully recoverable and hence no provision is made there against.

Our opinion is not modified in respect of the above matters."

Your Directors confirm that the matters referred to in the segment relation to Emphasis of Matter by the independent auditors in their report have been clarified in Notes 36(a), 36(b), 38(a), 38(b) and 39 on the financial statements forming part of the balance sheet and Statement of Profit and Loss, and are self-explanatory and reproduced below

Note 36 (a)

PNC Wellness Ltd

The Company has an investment of ₹ 116.40 lakh (PY ₹ 174.60 lakh) in equity shares of wholly owned subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 33.42 lakh as on March 31, 2019. There was no revenue generation by this subsidiary during the year under review. This Subsidiary, which owns several wellness brands like Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga, etc. is exploring avenues to commercialise its aforesaid brands. This subsidiary is in the process of realigning its business by making efforts to commercialise and lease its various brands through collaborative arrangements with other parties. The Company is facilitating and supporting the revival of this subsidiary's business. Considering that there was no revenue generation during the year under review the management has made provision for diminution in value of investment in this subsidiary by 1/5th of its book value and considers the retained book value as fully realisable. No further provision is made for the diminution in book value of investment which is considered as temporary.

Note 36 (b)

PNC Digital Ltd

The Company has an investment of ₹ 70.20 lakh (PY ₹ 70.20 lakh) in equity shares of subsidiary viz PNC Digital Ltd. The net worth of this subsidiary is ₹ 7.56 lakh as on March 31, 2019. The Company has agreed to provide its films to this Subsidiary to explore revenue opportunities on the digital platform and exploit it to its commercial advantage but this subsidiary was not able to generate income from its operational activities in the year gone by. This subsidiary will continue its efforts in future. In view of the fact that this subsidiary has unfettered access to the film content of the holding Company and requires no additional substantive capital deployment to generate revenue no provision for diminution in value of investment, which is considered temporary, has been made in the accounts. This Company will leverage its market standing to facilitate other smaller production houses to gain access to large digital content distributors to facilitate them getting better prices and commercial terms for their content.

Note 38 (a)

The legal proceedings initiated by the Company for the recovery of an advance of ₹ 150 lakh which was given against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights. The management of the Company considers the same as good and fully recoverable. Legal opinion obtained by the Company supports this. Auditors have relied on the opinion and consequently no provision has been made in the accounts at this stage.

Note 38 (b)

The Company has received an award of ₹ 352 lakh in its favour in the arbitration case filed against White Feather Films. The Company has also received a revised order for the amount of interest, which the Company has not found satisfactory and hence it has moved an appeal with the Bombay High Court. White Feather Films has gone in appeal against the above said award and has been directed to deposit an amount of ₹ 300 lakh by the Bombay High Court. Proceedings are ongoing and in view of the same outstanding amount of ₹ 317.53 lakh is considered as fully recoverable and no provision made of any amount there against.

Note 39

Arbitration proceedings initiated by the company against Prasar Bharati on account of wrongful encashment of bank guarantee of ₹ 750.50 lakh. The Company has obtained legal opinion from Justice AM Ahmadi, former Chief Justice of Supreme Court of India, which supports the Company's stand that the amount is fully recoverable and hence no provision is made there against.

SECRETARIAL AUDITORS' REPORT

VN Deodhar and Company, practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the fiscal year 2019, as required under section 204 of the Act, 2013 and rules thereunder.

The Secretarial Auditors' Report is given as Annexure III which forms part of this report. The Secretarial Auditors' report states that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned therein except in the following case:

Your Company has filled up the vacancy of Chief Financial Officer (CFO) by appointing Santosh Gharat, Company Secretary of our Company, a suitable candidate for the post, as the Chief Financial Officer of the Company in its meeting of the Board of Directors held on April 16, 2019.

MANAGEMENT DISCUSSIONS AND ANALYSIS

A detailed report on Management Discussion and Analysis is enclosed with this report.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined in the organization. To maintain its objectivity and independence, the Internal Auditor submits his report to the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system of the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Auditor, officers undertake corrective action in their respective areas and thereby strengthen control. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

RISK MANAGEMENT

The Company has adopted a Risk Management Policy, pursuant to the provisions of section 134 of the Act, which enables identification and evaluation of business risks and opportunities. This policy seeks to create transparency, minimize adverse impacts on business objectives and enhance the Company's competitive advantage. The Company has constituted a Business Process and Risk Management Committee to monitor the risks and their mitigating actions continuously.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

TRANSACTIONS WITH RELATED PARTIES

All Related Party Transactions entered into during the financial year were on an arm's length basis and in the ordinary course of business. Details of Related Party Transactions are disclosed in Note 34 of the Audited Financial Statements of the Company.

EXTRACT OF ANNUAL RETURN

Under section 92(3) of the Act, the extract of annual return is given in Annexure IV in the prescribed form MGT-9, which forms part of the report.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted an Internal Complaints Committee (ICC). While maintaining the highest governance norms, the Company has, within the ICC, appointed an external independent person who has worked in this area and has the requisite experience in handling such matters.

During the year, no complaint of sexual harassment was received by the Company. To build awareness in this area, the Company has been conducting induction and refresher programmes in the organisation on a continuous basis.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/ or Board under section 143(12) of Act and Rules framed thereunder.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR policy is aimed at demonstrating care for the community through its focus on education, skill development, health, wellness and research on content.

Further, in accordance with the provisions of section 135 of the Act and rules framed thereunder, the Company has adopted and constituted a CSR Committee of Directors comprising of the following:

1. Udayan Bose (Chairman)
2. Pallab Bhattacharya
3. Hema Malini

The detailed policy and constitution of the committee is available on the Company's website.

No CSR provision is applicable for the financial year ended March 31, 2019 as the average net profit of the Company for the last three financial years is a loss and inadequate profit.

However, the Company has put in place a policy that ensures all excess and unconsumed food for unit people, including cast and crew, during production shoots are immediately given away to the NGO Feeding India for urgent distribution to the needy and hungry.

DISCLOSURE REQUIREMENT

As per SEBI Listing Regulations, Corporate Governance Report with auditors' certificate thereon and Management Discussion and Analysis are attached, which form part of this report.

Details of the familiarization programme of the independent Directors are available on the website of the Company.

Policy for determining material subsidiaries of the Company is available on the website of the Company.

Policy on dealing with related party transactions is available on the website of the Company.

The website of the Company is www.pritishnandy.com.

The Company has formulated and published a Whistle Blower Policy to provide vigil mechanism for employees including Directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of section 177(9) of the Act and the SEBI Listing Regulations with stock exchanges.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per section 134(3) (m) of the Act, the particulars of Energy Conservation, Research and Development and Technology Absorption are not applicable to your Company.

Foreign Exchange Earnings and Outgo during the year are given in Annexure V which forms part of the report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts which remained unclaimed, and unpaid, for a period of 7 years from the date of declaration of dividend.

ACKNOWLEDGMENT

The Board thanks all stakeholders in the Company, clients, bankers and financial institutions for their continued support during the year. It also wishes to record its appreciation of the efforts put in by all staff and associates of the Company.

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO
DIN:00008277

Udayan Bose
Director
DIN:00004533

ANNEXURE – I

STATEMENT PURSUANT TO FIRST PROVISOR TO SUB-SECTION (3) OF SECTION 129 OF COMPANIES ACT, 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 IN THE PRESCRIBED FORM AOC – 1 RELATING TO SUBSIDIARY COMPANIES

(In ₹ lakh)

PARTICULARS			
Sr. No.	Name of Subsidiary Company	PNC Wellness Ltd	PNC Digital Ltd
1.	Reporting currency	INR	INR
2.	Exchange rate	NA	NA
3.	Share capital	66.00	50.00
4.	Reserves and surplus	(32.58)	(42.44)
5.	Total assets	52.60	15.15
6.	Total liabilities (except share capital and reserve and surplus)	19.18	7.59
7.	Investments	0.00	0.00
8.	Turnover (including other income)	0.00	0.00
9.	Profit/ (loss) before taxation	(1.66)	(0.81)
10.	Provision for taxation (including deferred tax)	37.30	0.00
11.	Profit/ (loss) after taxation	(38.96)	(0.81)
12.	Proposed dividend	Nil	Nil
13.	% of shareholding	100%	99.78%

Note

1. Reporting period for all the Subsidiaries is March 31, 2019.

ANNEXURE – II

THE INFORMATION REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL RULES, 2014 ARE GIVEN BELOW

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year

Description	Ratio of median remuneration
Wholtime Directors	
Pallab Bhattacharya	5.56
Rangita Pritish Nandy	5.68

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year

Name	% increase in remuneration in the financial year
Pallab Bhattacharya, Wholtime Director and CEO	44.93%
Rangita Pritish Nandy, Creative Director	68.07%
Santosh Gharat, Company Secretary and CFO	24.00%

- c. The percentage increase in the median remuneration of employees in the financial year: 48.25%.

The number of permanent employees on the rolls of Company: 17

- d. The explanation on the relationship between average increase in remuneration and Company's performance

The increment in remuneration during the year 2018-19 was 36.09%.

- e. Comparison of the remuneration of the key managerial personnel against the performance of the Company

Aggregate remuneration of Key Managerial Personnel (KMP)	
FY 2018-19	Amount (In ₹ lakh)
Revenue	1,568.91
Remuneration of KMP (as % of revenue)	3.64
Profit/ (loss) before tax (PBT)	86.01
Remuneration of KMP (as % of PBT)	66.41

- f. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	March 31, 2019	March 31, 2018	% Change
Market Capitalization (in ₹ lakh)	2,553.45	2,126.65	20.07
Price Earnings Ratio	27.15	10.14	167.79

- g. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Particulars	March 31, 2019	IPO	% Change
Market Price (BSE)	17.65	155	(88.61)
Market Price (NSE)	18.95	155	(87.77)

- h. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The salaries of employees was increased by 26.11%.

- i. Comparison of remuneration of each key managerial personnel against the performance of the Company

This year was devoted to finalising and putting in place new projects to be taken up by the Company. Such projects are in an advanced stage of pre-production. These projects will generate revenue on completion and release. Consequently, the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.

- j. The key parameters for any variable component of remuneration availed by the Directors: The Company does not have any variable component of remuneration availed by the directors.

- k. The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid director during the year

There is no employee drawing remuneration which exceeds the highest paid Directors.

- l. Affirmation that the remuneration is as per the remuneration policy of the Company: The Company affirms remuneration is as per the remuneration policy of the Company.

- m. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

There was no employee drawing remuneration of sixty lakh rupees per annum or rupees five lakh per month.

ANNEXURE – III

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
PRITISH NANDY COMMUNICATIONS LIMITED
87/88, Mittal Chambers
Nariman Point
Mumbai 400 021.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Prithish Nandy Communications Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Prithish Nandy Communications Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Prithish Nandy Communications Limited ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit period);
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit period);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period);
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period); and
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. We have been informed that the management has identified and confirmed the following law as specifically applicable to the Company:
 - a. The Cinematograph Act, 1952
We have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India.
 - ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange in respect of Issue and Listing of Securities;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except in the following case:

1. The Company has not appointed Chief Financial Officer as required under the provisions of Section 203(iii) of the Act, 2013 and the Listing Agreements with Stock Exchanges
We have been informed that the Company has complied with this provision on April 16, 2019.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For VN Deodhar and Co.

Mumbai, May 28, 2019

Vinayak N Deodhar
Proprietor
FCS number 1880
CP number 898

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
PRITISH NANDY COMMUNICATIONS LIMITED

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of Laws, Rules and Regulations and happening of events, etc.
5. The Compliance of provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For VN Deodhar and Co.

Mumbai, May 28, 2019

Vinayak N Deodhar
Proprietor
FCS number 1880
CP number 898